

Message Text

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PAGE 01 NEW DE 11105 211319Z

43

ACTION NEA-16

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 PA-04 PRS-01 USIA-15 DRC-01 AGR-20 /174 W

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R 211200Z AUG 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 3392

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

AMEMBASSY DACCA UNN

AMEMBASSY KATHMANDU UNN

UNCLAS NEW DELHI 11105

E.O. 11652: N/A

TAGS: ETRD IN

SUBJECT: HUGE JUMP IN INDIAN EXPORTS IN JUNE

REF: NEW DELHI A-300 OF AUG 20, 1974

1. EXPORT DATA FOR JUNE SHOW A SPECTACULAR INCREASE OF 78 PERCENT IN THE VALUE OF INDIA'S EXPORTS OVER JUNE 1973. THIS BROUGHT EXPORTS FOR THE FIRST QUARTER OF INDIAN FISCAL YEAR 1974/75 (WHICH STARTED IN APRIL) TO 40 PERCENT ABOVE THE SAME QUARTER OF THE PREVIOUS YEAR. DURING IFY 1973/74 AS A WHOLE, THE RATE OF INCREASE IN EXPORTS HAD BEEN ABOUT 25 PERCENT, DOR THE FIRST TWO MONTHS OF THIS FISCAL YEAR, IT HAD BEEN ABOUT 22 PERCENT.

2. DETAILS ARE NOT YET AVAILABLE ON JUST WHAT WENT INTO THE SWOLLEN JUNE TOTAL. SOURCES WITHIN THE MINISTRY OF COMMERCE TELL US THAT THE JUNE FIGURE WAS IN PART ENLARGED BY CATCHING UP WITH EXPORTS ACTUALLY MADE BUT NOT REPORTED IN APRIL AND MAY. IT APPARENTLY ALSO CONTAINS SUBSTANTIAL AMOUNTS OF SILVER EXPORTS, UNCLASSIFIED

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PAGE 02 NEW DE 11105 211319Z

THE EXPORT OF WHICH BECAME LEGAL DURING THE FIRST QUARTER. THE

EFFECT OF THIS IS LARGELY TO CHANGE UNRECORDED EXPORTS INTO RECORDED EXPORTS. EXPORTS THROUGHOUT THE FIRST QUARTER WERE ALSO ASSISTED BY SUBSTANTIAL EXPORTS OF NAPTHA. THESE EXPORTS CAME AT A TIME WHEN INDIA WAS TRYING TO ALLEVIATE A SHORTAGE OF FERTILIZER BY BUYING IT AT HIGH PRICES ON WORLD MARKETS. THE EXPORTS WERE A RESULT OF POOR FUNCTIONING OF INDIA'S DOMESTIC FERTILIZER INDUSTRY. AS POWER SHORTAGES AND OTHER FACTORS WHICH INHIBIT DOMESTIC FERTILIZER PRODUCTION ARE OVERCOME, THE NAPTHA IS USED AT HOME. ANOTHER LARGE FACTOR IN THE GOOD EXPORT PERFORMANC WAS INCREASED SUGAR EXPORTS AND THESE SHOULD BE SUSTAINABLE.

3. IT SEEMS LIKELY THAT THE JUNE EXPORTS -- AND THE 40 PERCENT RATE OF GROWTH IN EXPORTS FOR THE QUARTER -- WERE SOMETHING OF AN ABERRATION. HOW WELL INDIA'S EXPORTS WILL CONTINUE TO DO DEPENDS MAINLY ON HOW LONG WORLD TRADE CONTUNUES TO RISE, AND ESPECIALLY ON THE PERFORMANCE OF EXPORT PRICES. MOYNIHAN

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